

PRODUCT DISCLOSURE SHEET

Read this Product Disclosure Sheet before you decide to sign-up for the HSBC Amanah Malaysia Berhad's ("the Bank") Industrial Hire Purchase-i product. Be sure to also read the Relationship Terms of Business and Generic Terms & Conditions for Commercial Banking and the terms and conditions as stipulated in the Facility Offer Letter.

HSBC Amanah Malaysia Berhad
• Industrial Hire Purchase-i (IHP-i)

Date : January 2024

1. What is this product about?

- Industrial Hire Purchase-i is a non-revolving facility that has a predetermined maturity date and payment schedule.
- IHP-i is a short to medium term financing to finance capital assets which is not listed in the first schedule of the Hire Purchase Act 1967. The asset financed must be used for purposes permissible by Shariah and all applicable laws.
- The facility is calculated on variable basis, which means the lease rental of the facility changes with the changes in market reference rates for variable rate and the profit is fixed for fixed rate facility.
- You may be required to provide/procure a guarantee, pledge, security deposit and/or such other form of security to secure this facility and/or payments due to the Bank.

2. What is the Shariah concept applicable?

- The Industrial Hire Purchase-i Line is made available to the Customer by the Bank under the shariah contract of *Al-Ijarah Thumma Al-Bai (AITAB)* in respect of completed asset(s) and, for asset under construction or to be constructed, *Istisna'* (manufacturing) is used as an additional concept;
- Under AITAB arrangement, customer agrees to hire and take delivery of the asset after the Bank has acquired ownership over the asset. The Bank as owner of the assets transfers the right to use the asset to the customer (hirer) at an agreed predetermined rental over an agreed period of time. At the end of period, the hirer has an option to purchase the asset from the owner at a nominal amount.
- As for under construction asset where shariah *Istisna'* concept adopted, the Customer will procure the construction of the asset and arrange for the ownership of the asset to be transferred to the Bank upon its completion accordingly;
- The Customer based on the Shariah principle of promise (*wa'd*), undertakes to the Bank that on acquisition of the asset by the Bank, it shall hire the asset under a Hire Purchase-i Contract and take delivery of the asset.
- Additionally, Customer will give its undertaking (*wa'd*) to purchase the asset as well as liable for the additional cost incurred (e.g. cost of repossession etc) following an event of default by the Customer or breach of terms and conditions of the undertaking (*wa'd*) by the Customer. The Bank will also give an undertaking (*wa'd*) to sell the asset to the Customer at the expiry or termination of the Industrial Hire Purchase-i Contract.
- The Bank based on the Shariah principle of promise (*wa'd*), undertakes to the Customer that it will sell the asset to the Customer provided the Customer's undertaking to purchase the asset has not been invoked:
 - at the unpaid outstanding principal, i.e. the purchase price of the asset paid by the Bank which remains unpaid by the Customer and currently outstanding less any rebate (if applicable) plus all other sums payable under the relevant Hire Purchase-i Contract if the Customer exercises the Purchase Option early; or
 - at a nominal charge at the end of the Term of Hire.

- If the Bank breaches its undertaking herein, the Bank shall be liable to the Customer for any losses resulting in a restricted ability to deal with the title of the asset and as agreed by the parties.

Roles, Responsibilities, Rights and Liabilities of the Contracting Parties

- The rights and liabilities arising from ownership of the leased asset shall be assumed by the owner while the rights and liabilities arising from the usage of the leased asset shall be assumed by the hirer. The owner and the hirer may mutually agree on who will bear the cost of maintenance and takaful protection of the leased asset.
- The transfer of the title to the asset at the end of the term of hire is subject to the hirer paying a nominal charge to the owner and executing an Asset Disposal Agreement.
- The hirer acknowledges that it shall be liable for any loss, damage or impairment of the asset unless it proves there is no misconduct, negligence or breach of any terms on its part that resulted in the loss or impairment of the asset.
- In the event the asset is destroyed or substantially damaged beyond economic repair, indefinitely detained, distrained, confiscated, compulsory required or lost or damaged for any reason whatsoever beyond the control of the owner and/or the hirer and which is not within the usual all-risks and force majeure takaful coverage or insurance available in the market, the owner shall not claim the outstanding hire rentals from the hirer.

2. What do I get from this product?

Variable profit rates charges will depend on the purpose of financing and is pegged to an applicable base rate (eg. KLIBOR, applicable currency Risk Free Rates, Term Rates / Central Bank Rates* etc.) and will be subject to the relevant credit approvals.

**Example of Central Bank Rates are: The Fed Funds Target Rate (USD) / Bank of England Rate (GBP). Examples of Risk Free Rates are: Secured Overnight Finance Rate ("SOFR") for USD / Sterling Overnight Index Average ("SONIA") for GBP. Examples of Term Rates are: EURIBOR (EUR) / TIBOR (JPY).*

Example:

Hire rental rate:	KLIBOR* + 1.5% p.a
Financing amount:	RM 1,000,000
Financing tenure:	10 years
1 month KLIBOR rate* (prevailing rate as of May22)	2.14% p.a, subject to market fluctuations.
All in Rate (EHRR)	3.64% p.a
Ceiling Hire Rental Rate (CHRR)	15% p.a.
Monthly Profit Charged	RM 2,991.78 Calculation: (Outstanding Principal Amount x Hire Rental Rate x No. of days in the Profit Period) = RM 1,000,000 x 3.64% x 30 / 365 = RM 2,991.78

** KLIBOR / Rate tenure is aligned with periodicity of the profit period.*

Fixed profit rate is based on Cost of Funds (COF) and the profit is computed on the below formula:
Outstanding principal x fixed rental rate x no of days/365 or 366

3. What are my obligations?

- Payment for the IHP-i facility is typically in the form of monthly hire rental. You are required to service such Monthly Hire Rental after full disbursement as stipulated in your facility offer.
 - Servicing of the Advance Hire Rental during the progressive drawdown (for under construction).
- Note: Your monthly Advance Hire Rental and Monthly Hire Rental amount will vary according to changes in the applicable base rate

- Blank Field for RMs
(RM to indicate the exact amount)

4. What are the fees and charges I have to pay?

Stamp Duties:	As per the prevailing Stamp Act 1949 (Revised 1989) and subject to any stamp duty exemption or remission orders, if any, as may be granted from time to time.
Legal fees:	Legal fees incurred in the preparation of all documentation and perfection of the bank's security documents.
Late Payment Charges	During the tenure – 1 % p.a of overdue amount After maturity – IIMM – rates in the principal balance outstanding
Early Settlement Fee	No fee will be imposed for early settlement, however 1 month notice is required 1 month notice is required & subject to actual charges and expenses incurred due to the early settlement
Prepayment Fee	No fee will be imposed for prepayment, however 1 month notice is required & any reasonable charges and expenses incurred due to the prepayment
Tax:	Where tax is chargeable on any of the above fees and charges, the applicable tax shall be imposed in addition to such fees and charges, and shall be payable

BLANK FIELD FOR RMs

(Relationship Manager to indicate all the relevant fees associated with granting of Industrial Hire Purchase-I line to customers)

The fees and charges mentioned in our schedule of tariff and charges (as may be varied from time to time) are also applicable based on the transaction types mentioned therein. See this link for more information : <https://www.hsbcamanah.com.my/content/dam/hsbc/hbms/documents/tariffs-and-charges.pdf>

5. What if I fail to fulfil my obligations?

- Late Payment Charges:

During financing tenure	<p>1% p.a. on the overdue instalment</p> <p>Formula: overdue instalment amount in arrears x 1% x n/365</p> <p>(n= number of days overdue)</p> <p>Example - If the customer's overdue instalment amount in arrears is RM100,000 and the number of days overdue is 20 days, the computation of compensation charge is as follows:</p> <p>$RM100,000 \times 1\% \times 20/365 = RM54.79$</p>
After expiry of financing tenure	<p>Not exceeding the IIMM-rate on the outstanding principal amount</p> <p>(IIMM-rate is the daily weighted average overnight rate for Islamic financial instruments quoted in Malaysia's Islamic interbank money market)</p> <p>Formula: outstanding principal amount x IIMM-rate x n/365</p> <p>(n= number of days overdue)</p> <p>Example - If the customer's overdue instalment amount in arrears is RM100,000; the IIMM rate is 2%; the number of days overdue is 200 days, the computation of compensation charge is as follows:</p> <p>$RM100,000 \times 2\% \times 20/365 = RM109.59$</p>

- Right to set-off:
 - The Bank have the right to set-off any credit balance in your account(s) maintained with us, at any time with a notice against any outstanding balance in this financing account.
- Repossession of equipment in the event of default:
 - If there are circumstances likely to lead to events of default, among other things due to irregularities in your business/company financial affairs or your business/company inability to meet your payment obligations to us, it is advised that your business/company contact us for an early appraisal of your commitment.
 - In the event of default the Bank may without prejudice to any entitled rights and remedies, determine the Facility and demand payment for all sums due. The bank may invoke on recovery process which shall include repossession of the asset
- You shall provide a wa`d to purchase the leased asset which shall be enforced on the occurrence of the following:
 - (a) an event of default; or
 - (b) breach of the terms and conditions specified in the wa`d.

- For Asset Under Construction, pursuant to the Non-Completion Event as defined in the Istisna' Agreement, Bank may terminate the Istisna' Agreement and in doing so, the Bank shall be entitled by way of liquidated damages to immediate payment of an amount of compensation equal to the aggregate of:
 - the Bank's Istisna' Price as paid to the Customer up to the date of the Non-Completion Event; and
 - the profit portion of all Advance Hire Rentals paid by the Customer to the Bank pursuant to the Hire Purchase-i Contract during the construction period, which the Customer acknowledges is reasonable compensation under the circumstances for the Non-Completion Event to the Bank.
- The Damages may be set off against the Advance Hire Rentals paid by the Customer and the Customer shall remain liable to pay the remainder of the Damages after such set off.
- For completed assets, in the event you failed to perform the wa`d, the Bank as owner may repossess the asset and thereafter sell the asset to any third party where the proceeds of sale shall be applied towards all costs charges and expenses incurred and payments made by the Bank under the provisions of all or any of the Security Documents and in or towards any unpaid amount accruing and of all other moneys due and remaining unpaid under any or all the Security Documents.
- If there is any surplus after the proceeds of sale have been applied as above, such surplus, if any, shall be paid to you and/or such persons entitled thereto. If there is any deficiency, you shall promptly pay the difference between the amount due under the wa`d and the amount so realised to the Bank.

6. What if I fully settle the financing before its maturity?

- One month written notice is required.
- You shall pay to the Bank the unpaid outstanding principal, i.e. the purchase price of the asset paid by the Bank which remains unpaid and is outstanding less any rebate (if applicable).
- The bank will not be collecting a portion of the bank's future hire rentals that the bank could have collected without the occurrence of an early settlement.

7. Do I need any insurance / takaful coverage

- Hirer is to ensure that the hired assets are adequately covered for comprehensive "All Risk" from Bank's approved list of takaful/insurance companies, for the full market value or replacement cost, whichever is higher during the entire tenure. Coverage by insurance companies is only allowed in situations where there is no adequate takaful coverage.

[RM to indicate Takaful / insurance company and type of Takaful / insurance coverage required.]

8. What are the major risks?

- Effective Hire Rental Rate is fixed for the whole tenure, therefore not subject to fluctuations and there will not be any change in the fixed monthly payments. *remove if it is not relevant

- As the Effective Hire Rental Rate charged is dependent on floating benchmark rate used to price the facility (which is subject to fluctuate from time to time), you may incur higher rental charges when the floating benchmark rate moves upward.* **remove if it is not relevant**

If you/your business/company have problems regularizing your account, contact us early to discuss payment alternatives.

9. What do I need to do if there are changes to my contact details?

- It is important that the Bank is informed of any change in your/your business/company's contact details to ensure that all correspondences reach you/your business/company in a timely manner.
- Changes in your/your business/company's contact details should be formally submitted in writing and duly authorized by the company's authorised signatories. Please contact your Relationship Manager for further clarification.

10. Where can I get further information?

- If you have any enquiries, please contact your Relationship Manager or visit our website at: <https://www.business.hsbcamanah.com.my/en-gb>

11. Where can I get assistance and redress?

- If you have difficulties in making the applicable periodical payments, you should contact your dedicated Relationship Manager at the earliest possible instance to discuss payment alternatives.
- You may also seek the services of Agensi Kaunseling dan Pengurusan Kredit (AKPK), an agency established by Bank Negara Malaysia to provide free services on money management, credit counselling and debt restructuring for individuals and SMEs. You can contact AKPK at:

Level 5 and 6, Menara Bumiputra Commerce,
Jalan Raja Laut
50350 Kuala Lumpur
Tel: 03-2616 7766 (Monday to Friday; 9am - 5:30pm local time)
Email: enquiry@akpk.org.my

- If you wish to complain on the products or services provided by us, you may contact us at:

HSBC Amanah Malaysia Berhad
Customer Relations Team
Level 30, Menara IQ, Persiaran TRX
55188 Tun Razak Exchange, Kuala Lumpur.
E-mail: complaints@hsbc.com.my

- If your query or complaint is not satisfactorily resolved by us, you may also contact Bank Negara Malaysia LINK or TELELINK at:

Bank Negara Malaysia
Jalan Dato' Onn
P.O. Box 10922
50929 Kuala Lumpur.

Tel: 1300-88-5465 (1-300-88-LINK)

(Overseas: 603-2174-1717)

Fax: 03-2174 1515

Email: bnmtelelink@bnm.gov.my

Web form: eLINK at <https://telelink.bnm.gov.my/>

Operating Hours: 9.00AM to 5.00PM – Monday to Friday

General Number: 603-26988044 / 2698 9044 / 9179 2888

12. Other facilities/packages available:

- The Bank has a wide range of financing facilities available such as Revolving Financing-i, Cash Line-i, Commodity Murabahah Financing-i and Trade Facilities. You may also refer to our website at <https://www.business.hsbcamanah.com.my/en-gb> for further details.

IMPORTANT NOTES:

- The facility(ies) may be immediately suspended or terminated and all sums payable on demand in the event the customer default in the payment of any sum due under the facility(ies) whether profit or otherwise or is in breach of the terms of the facilities documentation.
- The customer are advised to go through and understand the information in this Product Disclosure Sheet. HSBC recommends that before the customer make any decision or accepting any of the Bank's terms and conditions for this product (*for example, terms and conditions found in facility offer letter, or the Bank's Generic Terms and Conditions, etc*) the customer should consult with qualified professional advisers to obtain the appropriate financial, legal, accounting, tax or other advice which is suitable for your business, as well as to ensure adequate understanding of your key contractual obligations under these terms and conditions. We are always ready to assist and provide clarification if the customer are in doubt. Should the customer require any support, kindly reach out to your Relationship Manager or the relevant HSBC/HSBC Amanah officer. Your subsequent application for the banking service/facility is deemed as having an understanding of the relevant product (and the customer have sought for clarification, if required).
- The Customer hereby acknowledges and agrees that by signing this document (or by signing on the Covering Letter or by way of an email confirmation provided to HSBC/HSBC Amanah), all the terms and conditions of the Product Disclosure Sheet (PDS) have been explained to them and they have read and understood the PDS given.

The information provided in the disclosure sheet is valid as at **<RM to insert>**

Issued by HSBC Amanah Malaysia Berhad (Company No. 200801006421 (807705-X))

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Name:
Designation:
Company Name:
Date: